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C O N F I D E N T I A L BUENOS AIRES 001359

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TAGS: PREL PGOV ETRD SNAR AR

SUBJECT: DEPUTY FOREIGN MINISTER DISCUSSES VENEZUELA IN MERCOSUR AND ALTERNATIVE PRODUCTION IN BOLIVIA

REF: BUENOS AIRES 1341

Classified By: Ambassador E. Anthony Wayne for reasons 1.4(b)and(d)

¶1. (C) Summary: In a meeting July 11 with Ambassador, Deputy Foreign Minister Garcia Moritan discussed GoA's continuing belief that it is better to have Venezuela on the inside of MERCOSUR, although this is not an easy task. GoA's primary interest in including Venezuela is stability, commercial issues are secondary, he argued from a Foreign Ministry perspective. On Bolivia, Garcia Moritan said that, within MERCOSUR, Brazil and Argentina needed to help Bolivia develop alternative products, and markets for those products, as an important step in trying to control the cocaine trade. As with Venezuela, Garcia Moritan said that maintaining stability in Bolivia is the GoA's priority. End Summary.

¶2. (C) On July 11, Deputy Foreign Minister Roberto Garcia Moritan (RGM) invited Ambassador to coffee to raise a number of bilateral issues (Ref A) but also discussed developments in MERCOSUR and relations with Bolivia. Undersecretary for Foreign Affairs Ambassador Vicente Espeche Gil and A/PolCouns sat in on the meeting.

Venezuela and MERCOSUR

¶3. (C) RGM recognized that Argentina's outreach to Venezuela and its efforts to promote its full membership in MERCOSUR is done at some political cost. He noted that, from his perch in the Foreign Ministry, the GoA's interests are primarily focused on regional stability, and secondarily on building commercial ties. RGM explained that these efforts (at mitigating Chavez' behavior) had been somewhat successful. He said the GoA was not now as concerned about Venezuelan presence in Bolivia or Ecuador as, he explained, Chavez' activities were somewhat tempered. RGM said it was not easy dealing with Chavez but that it was better not to isolate him. He professed not to understand the logic of Chavez' recent visit to Iran, Russia and Belarus; "Iran is an OPEC partner, Russia a world power, but Belarus?" RGM repeated that it was difficult working with Venezuela and stated that Chavez' statements/ultimatum on joining MERCOSUR do not match with the reality of the situation. Apart from the standoff with the Brazilian congress, he said that Venezuela's resistance to meeting MERCOSUR membership standards are the main stumbling block to accession.

Alternative Production for Bolivia

¶4. (C) Ambassador, expressed U.S. concerns about increased coca production in Bolivia and asked if Argentina was using any regional fora (absent the U.S.) to press the GoB to change its policies. Ambassador RGM noted that there were bilateral, subregional (MERCOSUR) and regional mechanisms (OAS/CICTE) mechanisms but said he thought one key to the problem -- and an area where Argentina and Brazil needed to do more -- was how to help Bolivia find alternative production options. Part of promoting alternative production was providing guarantees of markets and looking at the countries' tariff regimes. These are issues that will have to be considered and will meet resistance from local producers. He noted that alternative production will never be of a scale to replace coca production completely but that it would be a start. On the issue of coca policy, RGM stated that he found President Morales to be more pragmatic than his Foreign Minister Juan Ignacio Siles, who RGM described as more close minded and ideological.

¶5. (C) RGM shared his thoughts on dealing with some of his Indigenous Bolivian counterparts. He noted that the (to us) obvious incentive for development in general, often met with a "para que" (what for?) response from his Bolivian interlocutors. He noted that the ideal "state" of man appeared to be quite different for Bolivia's Indigenous and that these differences needed to be taken into account by those dealing with the GoB, including Argentina and Brazil.

WAYNE